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DEPARTMENT OF STATE

Memorandum of Conversation

M-710

DATE: February 24, 1958

SUBJECT: Volta River Project

PARTICIPANTS: Mr. Thomas E. Covel, Vice President, Aluminium Limited, New York and Washington
Mr. C. Vaughan Ferguson, Jr., Director, Office of Middle and Southern African Affairs
Mr. William R. Duggan, Officer in Charge, West African Affairs

COPIES TO: IRC - 2
AF - Mr. Palmer (cc)
Miss Montague (cc)
AFS - 4
ICA - Mr. Buller

DEPARTMENT OF STATE A/GBC/MR
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Mr. Thomas E. Covel, Vice President, Aluminium Limited, 630 5th. Avenue New York, and 2123 LeRoy Place, N.W., Washington, D.C., called upon officers of AFS today to discuss the Volta River scheme in Ghana.

The chief purpose of Mr. Covel's visit was to obtain background information concerning an article which appeared in the New York Times on February 21. This article reported Prime Minister Nkrumah's Parliamentary statement on Volta and the subsequent oral press release by the State Department clarifying the position of the United States as set forth in President Eisenhower's exchange of letters with Nkrumah.

Mr. Covel was informed of the content of Prime Minister Nkrumah's Parliamentary statement and was given the precise phrasing of the State Department's clarification to the press. Mr. Covel's only noticeable reaction was a sense of apparent relief and understanding at the President's indication that it was the task of the Ghanaians to obtain the major portion of the funds from other sources before a U.S. loan covering a portion of the public power element could be considered.

Mr. Covel was then asked the present position of Aluminium Limited with reference to the Volta Project. He replied that his company believed the Volta River scheme was not economically sound in terms of the present market and that it was too costly a project. He particularly stressed the belief that the size of the loans which would be required for the scheme would involve too large an interest burden (at present rates) to make the project feasible. He added that although his company continued to hold bauxite rights in the area, any plans for further development of those bauxite bodies were "on the shelf" at present. Mr. Covel also emphasized that his company's reticence toward developing Volta was based on the current market conditions for

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aluminum which he contended were no longer falling, but were now "on a relatively stable plateau". He mentioned, too, the advantageous positions of other aluminum developments such as Ghana in which he said both Aluminium and Reynolds were interested, and the fact that existing facilities are not fully utilized, as for example, Aluminium's own Kitimat project in British Columbia.

In answer to another direct question as to whether or not the Ghanaians were now "in touch" with the Canadians and British on the matter of the bauxite holdings and of Volta's development, Mr. Covel responded that he did not know of recent inquiries on the subject although he was, of course, familiar with those made by Finance Minister Gbedemah late last fall. He emphasized, however, that talks on the matter could take place either in Montreal or in London without him (Covel) being immediately informed.

Mr. Covel expressed appreciation for the information given him by departmental officers and said that he would be pleased to keep those officers informed of further developments if his company decided to take any new action with regard to Volta.

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